

REGISTERED COMPANY NUMBER: 01914825 (England and Wales)
REGISTERED CHARITY NUMBER: 292569

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2020
FOR
ARTHRITIS ACTION

LMDB Limited
t/a LMDB Accountants
Statutory Auditors
Railview Lofts
19c Commercial Road
Eastbourne
East Sussex
BN21 3XE

ARTHRITIS ACTION

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

	Page
Report of the Trustees	1 to 12
Report of the Independent Auditors	13 to 15
Statement of Financial Activities	16
Statement of Financial Position	17 to 18
Statement of Cash Flows	19
Notes to the Statement of Cash Flows	20
Notes to the Financial Statements	21 to 32

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 October 2020. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Website

www.arthritisaction.org.uk

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

01914825 (England and Wales)

Registered Charity number

292569

Registered office

One Upperton Gardens
Eastbourne
East Sussex
BN21 2AA

Trustees

Mr R H Nye – Chair	
Mr G C Allen	
Mr R Badiani	Appointed 29 April 2021
Mr C Beevor	Appointed 26 November 2020
Ms A C Godfrey	
Mrs K Hoban	Resigned 7 April 2021
Ms C J Jones	
Ms S E Jones	
Mr G Phillips	Resigned on 30 April 2020
Mrs D M C Rose	
Prof S A Vickerstaff	Appointed 8 February 2021
Mr P M Woodhouse	Resigned 4 February 2021
Mr K M Young	Resigned 15 July 2020

Chief Executive

Miss S Irwin

Company Secretary

Mr G Weir

Auditors

LMDB Limited
t/a LMDB Accountants
Statutory Auditors
Railview Lofts
19c Commercial Road
Eastbourne
East Sussex
BN21 3XE

Accountants

Breeze & Associates
Limited
5 Cornfield Terrace
Eastbourne
East Sussex
BN21 4NN

Solicitors

Gaby Hardwicke
33 The Avenue
Eastbourne
East Sussex
BN21 3YD

Bankers

NatWest
Eastbourne Branch
96 Terminus Road
East Sussex
BN21 3LX

Financial Advisors

Schroders
1 London Wall
Place
London
EC2Y 5AU

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

TRUSTEES' REPORT

Arthritis Action was set up in 1942 and is a charitable company limited by guarantee as defined by the Companies Act 2006. It is governed by its Articles of Association, which were last amended on 13 June 2019.

Trustees

The Trustees who served on the Board of Trustees during the year are shown on page 1. The Trustees did not receive any remuneration in their capacity as Trustees during the year ended 31 October 2020 (2019: nil); however, they have the option of being reimbursed for costs incurred in attending meetings on behalf of Arthritis Action.

In accordance with Article 8.5 of the Articles of Association the Board of Trustees appointed Colin Beevor as a Trustee on 26 November 2020 and appointed Professor Sarah Vickerstaff as a Trustee on 8 February 2021. They shall be eligible for election at the next Annual General Meeting.

Objects and Key Aims

Our vision is for people to live active lives, free from the impact of arthritis. To achieve this we aim to:-

- Help and support people with arthritis through the provision of the best available evidence-based approaches and techniques for managing arthritis;
- Monitor arthritis related developments and initiatives, and promote efforts to gain a better understanding of arthritis and its impact on people's lives; and
- Raise awareness of arthritis and disseminate evidence-based information about all matters relating to the condition

Overview of Activities

During 2020, the Charity spent £852,794 (2019: £880,360) on delivering its self-management health programme and £133,542 (2019: £134,691) on research and other grants.

Arthritis Action is the only UK charity giving hands-on, practical help to improve the quality of life of people affected by arthritis. We offer an integrated self-management approach, which looks at both the physical and mental health impact of living with arthritis. Whilst we are a membership charity, we have transformed our services to benefit our membership and wider communities affected by arthritis and other musculoskeletal (MSK) conditions across the UK. As one size does not fit all, we will continue to develop and offer a range of services so that people can find what works best for them.

Although over 10 million people live with arthritis in the UK, each person is unique in the way they manage their symptoms. Our approach enables people to choose the techniques that work for them best. Our self-management approach includes: healthy eating and nutritional consultations; access to clinical appointments with our network of osteopaths, physiotherapists, and acupuncturists; mental health resources; pain management techniques; local Groups; exercise advice and resources; and a personalised pathway for goal setting and self-management support, to help people take control of their arthritis, manage the pain it can cause, and enjoy life to the full. We are pleased that 95% of our Members are satisfied with our services, based on our survey in 2020. "Arthritis Action offers clear and comprehensive information. They provide excellent 1:1 communication so every member counts. They reinforced what I need to do regarding management of osteoarthritis."

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

There have been many challenges to overcome in 2020 with the impact of Covid-19, and we missed running our usual face-to-face Arthritis Action Groups and Self-Management Events across the UK. It was important for us to continue supporting people, especially with many feeling more isolated at home. We, therefore, used this opportunity to trial new online services. We are proud to have moved our Groups online very quickly. This enabled attendees to continue to receive peer support online. During the year, we organised over 140 Group meetings and events, with over 2,500 people in attendance. We have also provided much-needed telephone support to more than 2,000 people since lockdown in March 2020 and have learned new ways of staying in touch in this new environment. We piloted an online exercise class which was a big success, so we will offer this new service moving forward. We will continue to develop new ways of working, featuring both online and in-person services, to share self-management information and support people's physical health and mental wellbeing.

We have continued to build on the success of our existing services. Our clinical support service continues to be useful in helping people to manage their pain and to see a clinician without delay, although the service was used less this year with many members self-isolating or shielding through 2020. Our nutritional consultations service has also been much sought-after. Our Registered Dietitian conducted over 90 consultations, as well as giving almost 40 members additional support outside of consultations. This helped people better manage their symptoms and meet their weight and dietary goals. From the 2020 Impact Report, we are pleased that we achieved 100% member satisfaction with the nutrition and weight management service, with 100% saying the service brought them closer to reaching their weight and nutritional goals. 100% also said they are more knowledgeable and that their symptoms have improved. Finally, the Personalised Member Pathway has given members additional support during lockdown, and we are pleased that 100% of members agreed that the Pathway has improved their confidence to self-manage their arthritis.

We have extended our networks and partnerships across the UK and delivered a variety of presentations online throughout the year. These have helped to spread the knowledge and raise awareness of the self-management approach amongst people living with arthritis and other long-term conditions.

We have continued to proactively publicise the activities of Arthritis Action and estimate that we have reached over 40 million people through PR activities, and national and local press coverage. Our social media activity reached 1.1 million people across all our channels. Our website generated 203,000 visits with 470,000 page views, which is a 60% increase from 2019. This is due to millions of people having spent more time online than in 2019, and the relevant online content that we produced for our audiences.

The Trustees have also paid due regard to the Charity Commission's guidance on public benefit and its general guidance when deciding what activities Arthritis Action should undertake.

Self-Management Approach

We are the UK charity giving hands-on, practical help to improve the quality of life for people affected by arthritis. We offer an integrated self-management approach to help people with arthritis gain the knowledge and confidence to manage their condition themselves, and live life to the full.

- We tailor our self-management approach to meet individual needs, and our approach encompasses the following services:-
- Personalised Member Pathway, a service that helps members access the services that meet their needs;
- Nutritional and weight management consultations with our registered Dietitian;
- Arthritis Action Groups in locations across the country;
- Self-management educational events to learn about various techniques for managing both the physical and mental aspects of arthritis;
- Arthritis Action Connect telephone service;

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

- Online Exercise sessions for rehabilitation or for people who have not exercised for a long period of time;
- Free, easy to follow online self-management videos;
- Quarterly webinars with expert speakers, covering a wide range of topics;
- Identification of the most suitable exercises for people with arthritis and other musculoskeletal conditions;
- Subsidised clinical appointments with our registered Osteopaths, Physiotherapists and Acupuncturists; and
- Factsheets, our Members' magazine, E-newsletters and informational leaflets on a variety of topics including self-management, physical activity, and mental well-being.

We are proud that we continued to offer all services throughout the Covid-19 pandemic, quickly moving our face-to-face Groups and presentations to external audiences online. Sadly, we were only able to run one of our two-day Self-Management Events in Colchester before the pandemic hit. This Event was well attended by our members and the general public, which clearly demonstrates that people living with arthritis want to gain a significant benefit from learning about managing their arthritis on a day-to-day basis. We took this opportunity to prepare content and will run our Self-Management Events online until it is safe to meet face-to-face again.

Governance and Management

Members of the Board of Trustees are responsible, on behalf of their fellow members and people living with arthritis generally, for the good governance of the Charity. Board Members set and review the Charity's strategic objectives on a regular basis and establish policy for staff to implement in a manner that is in keeping with Arthritis Action's objectives.

The Articles of Association permits the appointment of up to 15 Trustees, one of whom should be the Chair of the Board of Trustees. The Chair is elected by the Trustees for a period of three years and can be re-elected by mutual consent. All Trustees are elected by members at the Charity's Annual General Meeting and are appointed for a period of three years. In accordance with the Articles of Association, new Trustees can be appointed by the existing Trustees during the year, but must then stand for election by the members at the next Annual General Meeting. Trustees can put themselves forward for re-election at the end of each 3-year period.

The Board of Trustees is committed to continually improving its governance of the Charity, and meets as a whole on a minimum of four occasions in each calendar year. For efficient operational purposes, the Board of Trustees is also sub-divided into two working Committees - the Finance & Risk Committee and the Remuneration & Nominations Committee.

The Finance & Risk Committee ("FRC") meets on at least three occasions in each calendar year and comprises three Trustees as well as the Chief Executive and the Company Secretary. The purpose of the FRC is to oversee and brief the Board of Trustees on all aspects of financial, budgetary and risk management. In particular, the FRC:

- Reviews the management accounts;
- Oversees the preparation of the annual budget;
- Monitors the performance of the Charity's Investments;
- Formulates the Charity's Risk Management Policy;
- Oversees the preparation of the annual financial statements;
- Monitors the Charity's Information Technology requirements;
- Oversees the process of selection or re-selection of an Auditor.

The FRC ensures that effective systems of accounting and internal control are established and maintained, and that the Board of Trustees is aware of any matters that might have a significant impact on the financial condition or affairs of the Charity.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

The Remuneration & Nominations Committee ("RNC") comprises four Trustees and the Chief Executive. The main purpose of the RNC is to oversee and brief the Board of Trustees on all aspects of Human Resources. It is also required to advise and make recommendations to the Board of Trustees with regard to appointments to the Board, its Committees and Advisory Groups, and to ensure that the skills and experience required for these roles are identified.

The RNC considers the appointment of all staff for Arthritis Action following presentation of a formal proposal for recruitment by the Chief Executive. The RNC then recommends agreed proposals to the Board for approval. Any changes in organisation structure are similarly proposed by the Chief Executive to the RNC before being submitted to the Board of Trustees for approval.

The RNC regularly appraises the employee remuneration structure and makes recommendations to the Board regarding salary reviews and any other proposals which affect pay, benefits and conditions. The RNC also leads on appraising the Chief Executive's performance and salary.

The RNC is also responsible for ensuring that all employment policies and practices comply with current UK Employment Law, and regularly reviews HR strategy and the implementation of HR policies & practices. Any significant changes to HR policies & practices are proposed for approval by the Board.

Trustee Induction

On appointment to the Board of Trustees, each Trustee completes a "Register of Interests" and receives appropriate induction. Further training needs are met, both individually and collectively, through regular Board training sessions and by Trustees attending training days conducted by external training providers.

Professional Services

During the year ended 31 October 2020, Arthritis Action retained the professional services of Breeze & Associates, Chartered Accountants, to ensure effective segregation of accounting duties. They were responsible for maintaining the financial records, while the Company Secretary was responsible for statutory and other financial matters. The names and addresses of organisations which provide banking services and professional advice to the Charity are detailed on page 1 of this report.

Staff and Trustee Changes

Arthritis Action continues to broaden its organisation structure to cope with increased activity and the development of more Arthritis Action Groups, in line with its strategic objectives. We recruited a new full-time Communications Officer in February 2020, and a new part-time Corporate Partnerships Manager in July 2020. We also hired a member of staff in April 2021 on a six month contract through the Government's KickStart Scheme. This young person will research the needs of young adults living with arthritis and work with the team to adapt content and develop services for young adults. As a result, there are now 19 full and part time members of staff.

Kevin Young stepped down from the Board in July 2020 after 12 years as a Trustee. However, we are delighted that Kevin continues to be involved with Arthritis Action through his role as an Associated Practitioner. Kevin's advice and guidance over the years has been invaluable. Pat Woodhouse resigned February 2021, having joined the Board of Trustees in January 2014 and serving as a member of the Finance and Risk Committee for several years. Keren Hoban resigned in April 2021 after almost 6 years as a Trustee. The Trustees and Staff would like to thank Kevin, Pat and Karen for their considerable support.

The Charity has a multi skilled Board of Trustees which provides a pool of specialist knowledge that the Executive Management Team and the Charity as a whole can call upon for help and advice, and which is capable of continuing the development of Arthritis Action as a leading arthritis charity in the UK.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

Colin Beevor joined the Board of Trustees in November 2020. Colin has 25 years' experience in rheumatology nursing and a wide range of nursing management at ward, outpatient, and clinical nurse specialist levels. He is proud to work with a team of dedicated and expert nurses, doctors, and physiotherapists caring for patients with a wide range of Rheumatological diseases.

Sarah Vickerstaff joined the Board of Trustees in February 2021. Sarah is a Professor of Work and Employment at Kent University, and is currently the University's lead for Athena SWAN, the gender equality charter. Sarah is an internationally recognised Professor and researcher into paid work in later life. In the last 20 years, her research on older workers and retirement has been funded by research councils, charities and the UK Government. She has published 4 books, 5 reports, 24 journal articles and many book chapters in this field.

Raj Badiani has spent over 11 years working in the IT industry and combines his creativity and eye for technology to support leading organisations operating in the public and private sector. Raj is head of Digital for a leading Defence and Technology organisation providing Digital Transformation Consulting services and Cyber Security Advisory to clients based in the UK and Middle East. Raj is an advocate for promoting diversity and inclusion in the workplace and is Chair of an Ethnic Minority Employee Resource Group within his organisation.

We are always looking to recruit Trustees with a suitable skill set in order to maintain an efficient, effective and diverse Board of Trustees. Please contact Shantel Irwin, our CEO, if you are interested in finding out more.

Risk Management

The Trustees have a duty to identify and review the risks to which Arthritis Action is exposed and to ensure appropriate controls are in place to provide effective corporate governance and reasonable assurance against fraud and error. The principal risks are: -

- **Loss of Funds:** the majority of Arthritis Action's funds are managed by an accredited UK charity fund manager, and other funds are held with suitable first tier banks on a short-term basis. As a result, there is little risk in the short or medium term.
- **Loss of Income:** the Charity is dependent on income from legacies, donations, and membership fees, and remains actively engaged in fundraising activities in order to ensure the continuing flow of income from these sources. Efforts are being made to broaden the income sources in order to further reduce this risk.
- **Loss of Reputation:** the Charity takes great care to preserve the professionalism of the services it provides to its members and others who seek help with their arthritis condition. It also actively monitors its interaction and relationships with 3rd parties and other stakeholders to ensure that high standards are maintained.

Other identified risks include cash flow management, health & safety of staff and members, maintaining the IT infrastructure, and staff retention/development.

The Trustees are satisfied that appropriate internal control systems and risk management processes are in place to help identify, evaluate and manage these risks. The Executive Management Team reviews key strategic and operational risks on a regular basis and considers new and emerging risks. These risks are recorded on a 'Risk Register' and the Board reviews this Register and receives updates on any changes to or re-assessments of all recorded risks on a regular basis.

The impact and potential threats associated with the COVID-19 pandemic to staff, our members and other stakeholders have been included in these risk management identification and control procedures. We are satisfied that all reasonable steps, that we can implement, have been taken to identify and mitigate these risks.

A rigorous set of financial authorities and procedures is also in place.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

Volunteers

The Trustees volunteer their time and individual expertise freely to the governance and management of the Charity. The Charity also benefits from the help of a small number of volunteers, who help to organise some of the Arthritis Action Groups in their own localities. We also benefitted from the valuable skills of a volunteer who, while furloughed from her workplace, helped us develop a Volunteering Strategy.

Arthritis Action maintains an Employer Supported Volunteering scheme which is aimed at supporting employees who wish to volunteer or continue to volunteer to support a wide range of community activities such as a local community group, another charity or school, etc. The purpose of this policy is to encourage and support employees of Arthritis Action who wish to become involved in, or continue to be involved with, volunteering.

Assistance and Support for Members & People Living With Arthritis

We have continued to expand our services and the extent and methods by which we provide information to our members and others living with arthritis, who are seeking help and advice.

We have added more videos to our online Self-Management Resource, which continues to be the UK's first (and free) arthritis self-management e-learning platform. The resource now includes 27 evidence-based videos, to help people with arthritis self-manage different aspects of their condition and improve their daily life. The resource has been viewed on our website over 37,000 times, with average session times reaching 5 minutes. Topics range from X-rays, Medication, Aids and Devices, Work and Arthritis, to Weight Management and Positive Thinking. We will continue to expand this successful resource.

For the very first time, we developed quick exercise videos for our social media channels, to encourage people to keep active while staying at home for prolonged periods due to the pandemic. The videos featured our Services Development Manager and Therapies Manager & Exercise Lead.

We also developed a dedicated Covid-19 hub on our website, including content and advice for people spending more time indoors, and frequently asked questions about Covid-19 and arthritis. This attracted over 22,000 visits. Our online mental health and exercise directories are proving to be extremely relevant during the ongoing pandemic, with more than 8,000 people making use of our resources. Our webinar series was also a great success, with over 200 attendees engaging in topics including Rheumatoid Arthritis, Covid-19 and Arthritis, and Exercise and Mental Wellbeing.

During 2020, we secured significant national media coverage in The Guardian and The Telegraph. Arthritis Action was also featured in a number of regional and local publications, with articles supporting the local Group meetings, and highlighting patient stories. Following the launch of our own online eNews publication in 2017, we now have over 1,900 subscribers who receive it via a monthly email.

We have also continued the development of Arthritis Action Groups ("AAGs") which meet on a regular basis and enable like-minded people to share their experiences of living with arthritis. AAGs are also encouraged to invite guest speakers to some of their meetings to contribute to a greater knowledge of the ways in which people can control or manage the symptoms of arthritis. During 2020, we sadly had to stop meeting in person due to the pandemic, but were really pleased to have moved the AAGs online by April. With the aim of increasing confidence and improving mental well-being, these Groups were more important than ever to support people who were isolated at home, giving them a space to meet, learn from each other and our speakers. We are pleased that 98% of attendees surveyed found the Groups helpful in 2020. We have expanded our reach and we are working with local groups. We now have 16 AAGs which are based in Eastbourne, London, Norwich, Ferndown (Bournemouth), Warrington, Staines, Southampton, Bury St Edmunds, Coventry, Leicester, Kent, Derby, Nottingham, Stoke on Trent, Lincoln and Birmingham. We look forward to offering a mix of virtual and face-to-face Groups when it is safe to meet again, and these meetings are open to members and those living with arthritis. "I really enjoy the Groups and they helped me embrace my status as an osteoarthritis patient without having to let it dominate my life."

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

Arthritis Action has continued to expand the availability of therapies which complement our objective of relieving the pain of arthritis, and we also provide mental well-being support and a flexible healthy eating and weight management service. We raise awareness, disseminate information and give presentations on self-management topics around the country to people living with, and impacted by, arthritis. To improve the way we communicate with external audiences we have also continued to develop our social media channels such as Twitter, Facebook, Instagram, LinkedIn, and YouTube.

Research

The Board wants research to form an integral part of the Charity's activities and a budget allocation for research has been made available year-on-year for the last seven years. Through our research funding we are constantly looking for ways to support people with arthritis and develop a better understanding of arthritis and its effects on people's lives.

We were approached by over 30 university undergraduates and postgraduates to ask our members if they would be willing to help with their research. We have also been approached by Universities to support their research.

Fundraising

Arthritis Action is committed to good fundraising practice and is registered with the Fundraising Regulator. We voluntarily subscribe to the Fundraising Regulator's Code of Fundraising Practice and have a Donations Acceptance Policy approved by the Board of Trustees, which can be viewed on our website. Our Fundraising Manager and Corporate Partnerships Manager adhere to all applicable laws and codes such as the Fundraising Regulator's Code of Fundraising Practice and data protection laws. Both staff members report directly to our Executive Management Team who, with regards to all members of the public, ensure that all fundraising activities do not result in unreasonable intrusions, unreasonably persistent approaches or any undue pressure being exerted. We do not use any external fundraising organisations or professional fundraisers and did not receive any complaints about fundraising activities carried out by Arthritis Action during 2019/20.

Our Fundraising Manager is focused on developing new fundraising activities to diversify our income streams, covering most areas of fundraising: individual giving, legacy fundraising, challenge events, trusts, and corporate partnerships. Our largest income source continues to be legacies; therefore, we are exploring new ways of leveraging this area of fundraising alongside our other activities.

Covid-19 posed a significant challenge for the team to secure events income due to the cancellation of challenge events and marathons, so they are identifying ways to develop virtual event options for our supporters. Nonetheless, we secured funding from the National Lottery to support the running of our Online Groups, and the Edith Florence Spencer Memorial Trust to fund our Groups in the Midlands. We also secured funding from the Joan Ainslie Charitable Trust and The Tula Trust Limited. We have also seen a significant increase in in-memorial donations and online donations due to the pandemic.

Our Corporate Partnerships Manager is investing her time in developing new corporate relationships and raising awareness of arthritis and its prevalence in the workplace.

Financial Review

Arthritis Action's financial performance is set out on page 16 and the key accounting policies remain unchanged.

Income for the year ended 31 October 2020 was £390,826 (2019: £564,106) a decrease of £173,280. However, despite this fall, expenditure was maintained at a similar level and composition to the previous year and amounted to £1,106,089 (2019: £1,112,816), a decrease of £6,727. As a result, the deficit from operational activities was £715,263 (2019 £548,710) an increase of £166,553.

The decrease in income can primarily be attributed to a decrease of £178,186 in legacy receipts from £371,125 to £192,939. Legacy Receipts are the Charity's single most important source of income and, by their very nature, their timing is unpredictable. As the Charity receives a relatively small number of individual bequests, volume fluctuations have a marked effect on the amount of legacy receipts from one year to the next. Over the last 10 years annual legacy receipts have averaged £395,000, a fall of £25,000.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

After including a net unrealised loss on investments of £256,134, (2019: £107,219 gain) the net deficit for the year ended 31 October 2020 was £971,397 (2019: £441,491). This resulted in Arthritis Action's total funds falling to £5,088,603 (2019: £6,060,000).

Reserves Policy

Arthritis Action aims to utilise its reserves to help people live active lives, free from the effects of arthritis and raise awareness of the impact of arthritis. The Trustees' underlying policy is, therefore, to closely monitor the reserves position to ensure that the level of cash reserves is appropriate to the operating costs and other commitments of the Charity, and to maintain an adequate level of reserves to cover the inherent volatility and uncertainty surrounding legacy income, upon which the Charity is highly dependent. The Trustees will continue to review this policy to ensure that it reflects the Charity's circumstances, external climate, and future plans.

Anticipated Funding Deficits

To achieve our strategy for the next three years (2021-2023), which is to increase the level of assistance we provide to the growing number of people living with arthritis across the UK, the Trustees have set an ambitious budget that involves incurring annual expenditure which will exceed operating income by approximately 250% per annum. In turn, this will result in annual operating deficits of between £730,000 and £900,000 and a corresponding reduction in our reserves. We also anticipate significant reductions in some of our income streams due to COVID-19. Therefore, to enable the Charity to continue to run its vital services to meet the everyday needs of people living with the debilitating effects of arthritis, the Trustees have instructed senior management to identify and endeavour to secure additional revenue streams.

Investment Policy

The Charity has approximately £4.7m of reserves for investment. A portion of these (currently 85% or £4m) is regarded as long-term reserves, with the remainder being held as shorter-term reserves. When making investment decisions and placing deposits, careful consideration is given to credit, liquidity and cash flow risk and the Charity seeks to obtain the best financial return within an acceptable level of risk. The investment objective for our long-term reserves is to preserve capital in real terms whilst producing a reasonable income, with an intermediate attitude to risk. Schroders, our financial advisors, have discretion to manage our investment within this framework. The Charity expects our financial advisors, as part of their normal investment research and analysis process, to take account of social, environmental, ethical and governance considerations in the selection, retention and realisation of investments.

Plans for the Future

Arthritis Action's 2021-2023 strategic priorities are:-

- To empower people living with arthritis to better self-manage their condition.

There can be a physical and emotional burden when living with the pain of arthritis, and many people with the condition can feel lonely. They will spend the majority of their time managing the symptoms of their condition on their own. Arthritis Action is here to support people with information and advice they can trust; connect them with each other through events and Groups; and give hands-on help to improve their symptoms. Ensuring people have the information and resources they need to self-manage their condition is key to improving their wellbeing.

- To reach more people across the UK who are motivated to lead a healthy lifestyle and self-manage the symptoms of arthritis.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

Arthritis Action offers people with all forms of arthritis a holistic self-management approach that can be tailored to suit each individual based on their condition, pain level, activity levels, eating habits and lifestyle. Arthritis and MSK conditions affect people of all ages, and we know that each person is unique in the way they manage their symptoms. This is precisely why we tailor our self-management approach to meet individual needs. We will proactively reach out to people of working age, especially those aged 20-40 years, adapting our current services to ensure value to young adults, while continuing to be innovative and offer a valuable service to those over the age of 65. Working alongside our Corporate Partnerships Manager, we will focus on developing relationships with organisations that are keen to build a healthier workforce, and promoting the self-management approach to encourage people of working age to lead a healthy lifestyle.

- To have a self-management approach that attracts referrals from healthcare professionals.

We promote evidence-based approaches that help control the symptoms of arthritis and manage its effects. We work with experts in health, therapies and nutrition and the wider sector, and follow the latest NICE guidelines, to ensure that we give the most up-to-date information about arthritis. We will work alongside healthcare professionals to promote the wider adoption of our self-management approach, to improve the daily life of those living with arthritis.

- To raise awareness of the Charity and that of arthritis and MSK conditions.

We aim to generate awareness of arthritis, both nationally and regionally, and the importance of adopting a supported self-management approach, to empower communities living with arthritis to take control of their health and care.

We will also continue to monitor our investments and develop our income sources to ensure that our income can fund and sustain our ambitious development programme which we are currently implementing, without adversely affecting our overall financial standing.

In line with our strategic aim of reaching younger people, we will devote greater resource to support young adults, and have therefore set aside £110,000 as a designated reserve entitled the Young Adults Fund. We intend to use this over the next three years to undertake research and develop new services for young adults under the age of 40. We will develop specific content to support the physical health and mental well-being of young adults, and it will complement Arthritis Action's self-management approach and services that are suitable for all ages. We will introduce a new Self-Management Event in 2021 for the under forties, and we are developing new content for this service to appeal to this age group. We have hired a new staff member to conduct research and organise focus groups with young adults in 2021, in coordination with the Arthritis Action team, to ensure our services are relevant for younger people. We aim to gain a better understanding of issues affecting younger people living with arthritis, and to develop new services to support this important cohort.

We will continue to improve the way in which the Trustees govern Arthritis Action, particularly through the continuing ongoing development of the role and function of our Committees, increased risk awareness, and by ensuring that Board Members have the collective skills which enhance the overall effectiveness of the Board of Trustees.

Working together, the Board of Trustees and the Executive Management Team will ensure the continued growth of Arthritis Action as it delivers upon its strategic objectives to existing and future beneficiaries of the Charity.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31 OCTOBER 2020**

COVID-19

As a result of the coronavirus pandemic and the UK Government's lockdown announcement on 23rd March 2020, Arthritis Action took all necessary steps to revise its operations in order to safeguard staff and members. We immediately closed our offices and arranged for all staff to work from home and changed the ways in which we deliver our services to Members and the public. In particular, this involved suspending our subsidised clinical appointment service until the Government stated that clinics could re-open, and converting our local face-to-face Group meetings to online meetings to continue to provide peer support. We are pleased to report that all of these arrangements have worked well and we are continuing to develop new ways of providing effective remote interaction to support our members and stakeholders. Unfortunately, however, the restrictions on large gatherings meant that we had to cancel our 2020 Annual Conference and defer our Annual General Meeting until September 2020, when we asked our Members to provide their proxies rather than attend in person. In view of the current restrictions and ongoing uncertainty, we have reluctantly decided to cancel the 2021 Annual Conference and once again will adopt proxy arrangements for the Annual General Meeting, which will be held on Thursday 10th June 2021.

Unlike many other charities, we are not reliant on merchandise sales to support our work. Accordingly, while the pandemic has adversely affected the value of investments and will probably reduce the income that these investments generate over the next few years, we have not suffered the cash flow difficulties experienced by others in the sector. Since the financial year end, we experienced a fall of approximately £500,000 (10%) in the value of our investments as markets reacted to the pandemic. However, the value of our investments fell by £256,000 during the year and is still showing signs of volatility. In conjunction with Schroders, our financial advisors, we continue to monitor this financial risk very closely.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Arthritis Action for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ARTHRITIS ACTION

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 OCTOBER 2020

AUDITORS

The Auditors, LMDB Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 29 April 2021 and signed on the board's behalf by:

R H Nye

.....

R H Nye - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARTHRITIS ACTION

Opinion

We have audited the financial statements of Arthritis Action (the 'charitable company') for the year ended 31 October 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ARTHRITIS ACTION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ARTHRITIS ACTION**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

S Jaquet FCCA (Senior Statutory Auditor)
for and on behalf of LMDB Limited
t/a LMDB Accountants
Statutory Auditors
Railview Lofts
19c Commercial Road
Eastbourne
East Sussex
BN21 3XE

Date: 14 May 2021

ARTHRITIS ACTION**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 OCTOBER 2020**

		Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes				
Donations and legacies	4	230,730	5,200	235,930	394,211
Charitable activities	5	15,335	-	15,335	15,339
Other trading activities	6	45	-	45	760
Income from investments	7	129,556	-	129,556	153,796
Coronavirus Community Support Fund grant		<u>9,960</u>	<u>-</u>	<u>9,960</u>	<u>-</u>
Total		385,626	5,200	390,826	564,106
EXPENDITURE ON					
Raising funds	8	119,753	-	119,753	97,765
Charitable activities	9				
Research and other grants		133,542	-	133,542	134,691
Self-management health programme		<u>851,445</u>	<u>1,349</u>	<u>852,794</u>	<u>880,360</u>
Total		1,104,740	1,349	1,106,089	1,112,816
Net gains/(losses) on investments	21	<u>(256,134)</u>	<u>-</u>	<u>(256,134)</u>	<u>107,219</u>
NET INCOME/(EXPENDITURE)		(975,248)	3,851	(971,397)	(441,491)
RECONCILIATION OF FUNDS					
Total funds brought forward		6,060,000	-	6,060,000	6,501,491
TOTAL FUNDS CARRIED FORWARD		<u>5,084,752</u>	<u>3,851</u>	<u>5,088,603</u>	<u>6,060,000</u>

These notes form part of these financial statements

ARTHRITIS ACTION**STATEMENT OF FINANCIAL POSITION
31 OCTOBER 2020**

	Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
FIXED ASSETS					
Tangible assets	15	310,948	-	310,948	344,685
Investments	16	<u>4,074,292</u>	<u>-</u>	<u>4,074,292</u>	<u>4,977,717</u>
		4,385,240	-	4,385,240	5,322,402
CURRENT ASSETS					
Debtors	17	164,505	-	164,505	209,152
Cash at bank and in hand		<u>609,134</u>	<u>3,851</u>	<u>612,985</u>	<u>598,363</u>
		773,639	3,851	777,490	807,515
CREDITORS					
Amounts falling due within one year	18	<u>(73,377)</u>	<u>-</u>	<u>(78,377)</u>	<u>(67,397)</u>
NET CURRENT ASSETS		<u>700,262</u>	<u>3,851</u>	<u>704,118</u>	<u>740,118</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,085,502	3,851	5,089,353	6,062,520
PROVISIONS FOR LIABILITIES	20	<u>(750)</u>	<u>-</u>	<u>(750)</u>	<u>(2,520)</u>
NET ASSETS		<u><u>5,084,752</u></u>	<u><u>3,851</u></u>	<u><u>5,088,603</u></u>	<u><u>6,060,000</u></u>
FUNDS					
Unrestricted funds:	21				
General fund				4,655,223	5,449,434
Revaluation reserve				319,029	610,566
Young People Fund				<u>110,500</u>	<u>-</u>
Restricted funds				<u>5,084,752</u>	<u>6,060,000</u>
				<u>3,851</u>	<u>-</u>
TOTAL FUNDS				<u><u>5,088,603</u></u>	<u><u>6,060,000</u></u>

These notes form part of these financial statements

ARTHRITIS ACTION

STATEMENT OF FINANCIAL POSITION - continued
31 OCTOBER 2020

The financial statements were approved by the Board of Trustees and authorised for issue on 29 April 2021 and were signed on its behalf by:

R H Nye
.....
R H Nye - Trustee

S E Jones
.....
S E Jones - Trustee

ARTHRITIS ACTION**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Notes	2020 £	2019 £
Cash flows from operating activities:			
Cash generated from operations	A	(753,493)	(532,882)
Provisions for liabilities		<u>(1,770)</u>	<u>660</u>
Net cash provided by (used in) operating activities		<u>(755,263)</u>	<u>(532,222)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(6,961)	(3,297)
Purchase of fixed asset investments		(984,050)	(1,217,038)
Sale of fixed asset investments		1,636,747	1,079,763
Interest received		1,120	3,957
Dividends received		<u>128,436</u>	<u>149,839</u>
Net cash provided by (used in) investing activities		<u>775,292</u>	<u>13,224</u>
Change in cash and cash equivalents in the reporting period			
		20,029	(518,998)
Cash and cash equivalents at the beginning of the reporting period		<u>622,936</u>	<u>1,141,934</u>
Cash and cash equivalents at the end of the reporting period		<u>642,965</u>	<u>622,936</u>
Cash and cash equivalent comprises the following:-			
Fixed asset investments – other deposits		29,980	24,573
Current asset investments		-	-
Cash at bank and in hand		<u>612,985</u>	<u>598,363</u>
		<u>642,965</u>	<u>622,936</u>

The notes form part of these financial statements

ARTHRITIS ACTION

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020

A. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(971,397)	(441,491)
Adjustments for:		
Depreciation charges	40,699	43,979
Losses/(gain) on investments	256,134	(107,219)
Interest received	(1,120)	(3,957)
Dividends received	(128,436)	(149,839)
Decrease in debtors	44,647	105,008
Increase in creditors	<u>5,980</u>	<u>20,637</u>
Net cash used in operations	<u><u>(753,493)</u></u>	<u><u>(532,882)</u></u>

1. STATUTORY INFORMATION

Arthritis Action is a Charity registered in England and Wales. The Charity's registered number and registered office address can be found within the trustee report.

The financial statements are presented in £ Sterling.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the Charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Going concern

There are no material uncertainties that cast doubt on the charity's ability to continue as a going concern.

Income

All income is recognised in the Statement of Financial Activities once the Charity has entitlement to the funds and it is probable that the income will be received, except where it cannot be measured with sufficient certainty.

Donations, legacies and other forms of voluntary income are recognised as incoming resources when receivable, except in so far as they cannot be measured with with sufficient certainty. Tangible fixed assets donated or left in legacies are recognised at market value at the time title passes to the Charity.

Subscriptions received and Interest receivable is calculated on an accruals basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of costs

The Charity's operating costs include staff costs, premises and other related costs. Such costs are allocated between different expenditure categories including fundraising, publicity, management and administration. Where costs cannot be directly attributable to direct charitable expenditure or other expenditure, they have been apportioned based on an estimate of time spent in each of these categories.

The cost of generating funds is the direct cost spent on fundraising activity. A proportion of central support cost is allocated to the cost of generating funds.

2. ACCOUNTING POLICIES - continued

Allocation and apportionment of costs

Governance costs are the costs associated with governance of the Charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity.

Support costs, which comprise central office functions such as general management, administration, budgeting and accounting, information technology and human resources are allocated across the cost of generating funds, grant making and charitable activities costs.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Short leasehold	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer hardware	- 50% on cost
Computer software	- 20% on cost

Included within freehold property is land at a historical cost of £76,667 (2019: £76,667) which is not depreciated.

Tangible fixed assets are included at historical cost and assets are capitalised on a historical cost basis of value. Items costing less than £500 are generally not capitalised.

Bequeathed and donated assets are recognised at market value at the time title passes to the Charity. Gains or losses are recognised on disposal.

The Charity holds title to financial assets subject to life tenancy interests held by third parties. Therefore no values for these assets are shown on the balance sheet.

At each balance sheet date, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that any items of property, plant and equipment have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash generating unit which the asset belongs.

Impairment losses are recognised in the year of impairment.

Taxation

The Charity is exempt from corporation tax on its charitable activities.

Fund accounting

General funds are unrestricted funds which can be used at the discretion of the trustees in furtherance of the general objectives of the charity and have not been designated for other purposes.

Restricted funds are funds which have to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The Charity operates a defined contribution pension scheme. Contributions payable to the Charity pension scheme are charged to the Statement of Financial Activities in the period to which they relate. Pension costs are allocated to activities on the same basis as set out in the allocation and apportionment of costs policy stated above.

Investments

Investments are initially recorded at cost and thereafter restated to market value as at the relevant reporting date. The aggregate value of these investments may fluctuate significantly in line with prevailing market conditions.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Provisions

Provisions are recognised when the company has a legal or constructive obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Financial instruments

The Charity recognises a financial asset or liability when it becomes party to the contractual provisions of the instrument. It initially measures the financial instrument at fair value.

Subsidiary Undertakings

Arthritis Action has two subsidiary companies, The Arthritis Association and The Arthritic Association. These subsidiaries have no assets or liabilities and are both dormant. As a result, the Charity is exempt from preparing group accounts under the Companies Act 2006 and under FRS 102.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates are underlying assumptions and are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Following a review of the financial statements it is deemed there are no areas of estimation uncertainty.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****4. DONATIONS AND LEGACIES**

	2020	2019
	£	£
Donations	41,479	20,742
Gift aid	1,512	2,344
Legacies	<u>192,939</u>	<u>371,125</u>
	<u>235,930</u>	<u>394,211</u>

Contingent Legacy assets

The Charity has received notification of 13 (2019: 11) legacies which are regarded as contingent assets and for which income is expected to be received in future years but which had not met the income recognition criteria as at 31 October 2020. The actual timing of receipt and amounts to be received are unknown. The Charity maintains a record of expected legacies receivable based on the most recent correspondence received in relation to the estate. The value of legacies receivable has been estimated at £440,000 (2019: £319,000).

5. INCOME FROM CHARITABLE ACTIVITIES

	2020	2019
	£	£
Membership subscriptions	<u>15,335</u>	<u>15,339</u>

6. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Income from treatment consultations	<u>45</u>	<u>760</u>

7. INCOME FROM INVESTMENTS

	2020	2019
	£	£
Income from listed investments	128,436	149,839
Interest receivable	<u>1,120</u>	<u>3,957</u>
	<u>129,556</u>	<u>153,796</u>

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****8. RAISING FUNDS**

	2020	2019
	£	£
Cost of generating donations and legacies	12,525	13,987
Investment management costs	22,291	23,706
Support costs	<u>84,937</u>	<u>60,072</u>
	<u>119,753</u>	<u>97,765</u>

9. CHARITABLE ACTIVITIES COSTS

	Direct costs	Grant funding of activities (See note 10)	Support costs (See note 11)	Totals
	£	£	£	£
Research and other grants	83,970	1,920	47,652	133,542
Self-management health programme	<u>384,014</u>	-	<u>468,780</u>	<u>852,794</u>
	<u>467,984</u>	<u>1,920</u>	<u>516,432</u>	<u>986,336</u>

10. GRANTS PAYABLE

	2020	2019
	£	£
Net subsidies paid to assist with physical therapy	<u>1,920</u>	<u>8,250</u>

During the year ended 31 October 2020 subsidies paid to members in respect of physical therapy consultations amounted to £3,690 (2019 £7,590). In 2019 a provision of £2,520 to cover unclaimed subsidies was made. However, following a temporary suspension of the subsidised consultations service, due to the COVID-19 pandemic, the amount of the provision required at 31 October 2020 has reduced by £1,770 to £750.

11. SUPPORT COSTS

	Management	Information technology	Premises	Governance costs	Totals
	£	£	£	£	£
Raising donations and legacies	76,082	-	-	8,855	84,937
Research and other grants	47,652	-	-	-	47,652
Self-management health programme	<u>169,891</u>	<u>55,625</u>	<u>181,867</u>	<u>61,397</u>	<u>468,780</u>
	<u>293,625</u>	<u>55,625</u>	<u>181,867</u>	<u>70,252</u>	<u>601,369</u>

ARTHRITIS ACTION

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 OCTOBER 2020**

Support costs, included in the above, are as follows:

12. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	5,208	5,136
Depreciation - owned assets	<u>40,698</u>	<u>43,978</u>

13. TRUSTEES' REMUNERATION AND BENEFITS

None of the Trustees received remuneration or received any other benefits in respect of the performance of their duties as a Trustee for either year ended 31 October 2020 or for the year ended 31 October 2019.

Trustees' expenses

	2020	2019
	£	£
Trustees' expenses	<u>429</u>	<u>865</u>

During the year, three (2019: three) Trustees were reimbursed for travel and subsistence expenses which were incurred wholly, exclusively and necessarily in the performance of their duties as a Trustee.

14. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	641,147	550,169
Social security costs	61,090	54,205
Other pension costs	<u>45,325</u>	<u>38,564</u>
	<u>747,562</u>	<u>642,938</u>

The average monthly number of employees during the year was as follows:

	2020	2019
Executive staff	3	3
Support staff	<u>14</u>	<u>12</u>
	<u>17</u>	<u>15</u>

One employee was paid emoluments of between £80,000 and £90,000. This employee is the Chief Executive and is the only employee who is regarded as key management for the purpose of FRS102. The total remuneration paid to this employee during the year was £84,023 (2019: £79,998).

This employee also participated in the defined contribution pension scheme and the employer's contributions for the year total £6,256 (2019: £5,958).

Included in defined contribution pension costs is an accrual for unpaid pensions of £5,403 (2019: £4,885).

Pension costs are allocated between activities within the statement of Financial Activity based on staff hours dedicated to the relevant activity.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****15. TANGIBLE FIXED ASSETS**

	Freehold property £	Short leasehold £	Total land and buildings £
COST			
At 1 November 2019	517,694	99,283	616,977
Additions	-	-	-
At 31 October 2020	<u>517,694</u>	<u>99,283</u>	<u>616,977</u>
DEPRECIATION			
At 1 November 2019	254,685	49,340	304,025
Charge for year	<u>5,284</u>	<u>19,857</u>	<u>25,141</u>
At 31 October 2020	<u>259,969</u>	<u>69,197</u>	<u>329,166</u>
NET BOOK VALUE			
At 31 October 2020	<u>257,725</u>	<u>30,086</u>	<u>287,811</u>
At 31 October 2019	<u>263,009</u>	<u>49,943</u>	<u>312,952</u>

	Total land and buildings £	Fixtures and fittings £	Computer hardware £	Computer software £	Totals
COST					
At 1 November 2019	616,977	123,983	46,827	33,011	820,798
Additions	-	<u>4,301</u>	<u>2,527</u>	<u>133</u>	<u>6,961</u>
At 31 October 2020	<u>616,977</u>	<u>128,284</u>	<u>49,354</u>	<u>33,144</u>	<u>827,759</u>
DEPRECIATION					
At 1 November 2019	304,025	95,733	43,665	32,690	476,113
Charge for year	<u>25,141</u>	<u>12,257</u>	<u>3,188</u>	<u>112</u>	<u>40,698</u>
At 31 October 2020	<u>329,166</u>	<u>107,990</u>	<u>46,853</u>	<u>32,802</u>	<u>516,811</u>
NET BOOK VALUE					
At 31 October 2020	<u>287,811</u>	<u>20,294</u>	<u>2,501</u>	<u>342</u>	<u>310,948</u>
At 31 October 2019	<u>312,952</u>	<u>28,250</u>	<u>3,162</u>	<u>321</u>	<u>344,685</u>

Included within freehold property is land at a historical cost of £76,667 (2019: £76,667), which is not depreciated.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****16. FIXED ASSET INVESTMENTS**

	2020	2019
	£	£
Shares	4,040,542	4,943,967
Other deposits	<u>33,750</u>	<u>33,750</u>
	<u>4,074,292</u>	<u>4,977,717</u>

Additional information as follows:

	Listed investments £	Other deposits £	Totals £
MARKET VALUE			
At 1 November 2019	4,919,394	24,573	4,943,967
Additions	984,049	5,407	989,456
Disposals	(1,636,747)	-	(1,636,747)
Revaluations	<u>(256,134)</u>	<u>-</u>	<u>(256,134)</u>
At 31 October 2020	<u>4,010,562</u>	<u>29,980</u>	<u>4,040,542</u>
NET BOOK VALUE			
At 31 October 2020	<u>4,010,562</u>	<u>29,980</u>	<u>4,040,542</u>
At 31 October 2019	<u>4,919,394</u>	<u>24,573</u>	<u>4,943,967</u>

There were no investment assets outside the UK.

Listed investments are accounted for at market value. The historical cost of listed investments and unit trusts is £3,691,531 (2019 - £4,308,828).

Investments (neither listed nor unlisted) were as follows:

	2020	2019
	£	£
Investment property	<u>33,750</u>	<u>33,750</u>

Investment property comprises land bequeathed to the Charity. The land was valued at market value in July 2009 when title passed to the Charity and the Trustees are satisfied that there has been no significant change in the fair value of the land since that date.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Legacies receivable	90,479	107,600
Rent deposits	26,260	26,260
Staff loans	-	13,188
Prepayments and accrued income	<u>47,766</u>	<u>62,104</u>
	<u>164,505</u>	<u>209,152</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	8,407	21,522
Social security and other taxes	18,532	16,913
Other creditors	2,777	4,385
Accruals and deferred income	<u>43,661</u>	<u>24,577</u>
	<u>73,377</u>	<u>67,397</u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020	2019
	£	£
Within one year	121,080	60,065
Between one and five years	<u>60,540</u>	<u>-</u>
	<u>181,620</u>	<u>60,065</u>

The Charity entered into a five year operating lease agreement in respect of its London premises in May 2017. However the lease contains a break clause which permits the Charity to cancel the lease in April 2020. However, as this option was not taken up, aggregate lease and service charge payment commitments are £181,620, until the end of the lease.

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****20. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Provisions	<u>750</u>	<u>2,520</u>

All members are entitled to claim subsidies for physical therapy consultations. Everyone who was a member as at 31 October 2020 is entitled to claim for subsidies of up to £30 each for up to two physical therapy consultations until their next annual membership expiry date. The provision is an estimate, based on the latest uptake statistics, of the likely aggregate amount of subsidy claims that the Charity will be obliged to honour in respect of members as at 31 October 2020.

21. MOVEMENT IN FUNDS

	At 1.11.19 £	Net movement in funds £	Transfers between funds £	At 31.10.20 £
Unrestricted funds				
General fund	5,449,434	(683,711)	(110,500)	4,655,223
Revaluation reserve	610,566	(291,537)	-	319,029
Young People Fund	-	-	<u>110,500</u>	<u>110,500</u>
	<u>6,060,000</u>	<u>(975,248)</u>	-	5,084,752
Restricted funds				
Restricted	-	3,851	-	3,851
	<u>6,060,000</u>	<u>(971,397)</u>	<u>-</u>	<u>5,088,603</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	385,626	(1,104,740)	35,403	(683,711)
Revaluation reserve	-	-	<u>(291,537)</u>	<u>(291,537)</u>
	<u>385,626</u>	<u>(1,104,740)</u>	<u>(256,134)</u>	<u>(975,248)</u>
Restricted funds				
Restricted	5,200	(1,349)	-	3,851
	<u>390,826</u>	<u>(1,106,089)</u>	<u>(256,134)</u>	<u>(971,397)</u>

ARTHRITIS ACTION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 OCTOBER 2020****21. MOVEMENT IN FUNDS - continued****Comparatives for movement in funds**

	At 1.11.18 £	Net movement in funds £	At 31.10.19 £
Unrestricted funds			
General fund	5,873,859	(424,425)	5,449,434
Revaluation reserve	<u>627,632</u>	<u>(17,066)</u>	<u>610,566</u>
	<u>6,501,491</u>	<u>(441,491)</u>	<u>6,060,000</u>
TOTAL FUNDS	<u><u>6,501,491</u></u>	<u><u>(441,491)</u></u>	<u><u>6,060,000</u></u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	564,106	(1,112,816)	124,285	(424,425)
Revaluation reserve	<u>-</u>	<u>-</u>	<u>(17,066)</u>	<u>(17,066)</u>
	<u>564,106</u>	<u>(1,112,816)</u>	<u>107,219</u>	<u>(441,491)</u>
TOTAL FUNDS	<u><u>564,106</u></u>	<u><u>(1,112,816)</u></u>	<u><u>107,219</u></u>	<u><u>(441,491)</u></u>

The movement in funds for the 2 years between 1 November 2018 and 31 October 2020 is as follows:

	At 1.11.18 £	Net movement in funds £	Transfers between funds £	At 31.10.20 £
Unrestricted funds				
General fund	5,873,859	(1,108,136)	(110,500)	4,655,223
Revaluation reserve	627,632	(308,603)	-	319,029
Young People Fund	<u>-</u>	<u>-</u>	<u>110,500</u>	<u>110,500</u>
	<u>6,501,491</u>	<u>(1,416,739)</u>	<u>-</u>	<u>5,084,752</u>
Restricted funds				
Restricted	<u>-</u>	<u>3,851</u>	<u>-</u>	<u>3,851</u>
TOTAL FUNDS	<u><u>6,501,491</u></u>	<u><u>(1,412,888)</u></u>	<u><u>-</u></u>	<u><u>5,088,603</u></u>

ARTHRITIS ACTION

NOTES TO THE FINANCIAL STATEMENTS - continued **FOR THE YEAR ENDED 31 OCTOBER 2020**

21. MOVEMENT IN FUNDS - continued

The movement in funds for the 2 years between 1 November 2018 and 31 October 2020, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	949,732	(2,217,556)	159,688	(1,108,136)
Revaluation reserve	-	-	(308,603)	(308,603)
	949,732	(2,217,556)	(148,915)	(1,416,739)
Restricted funds				
Restricted	5,200	(1,349)	-	3,851
TOTAL FUNDS	<u>954,932</u>	<u>(2,218,905)</u>	<u>(148,915)</u>	<u>(1,412,888)</u>

During the year realised investment gains amounted to £35,403 (2019: £124,285).

22. RELATED PARTY DISCLOSURES

During the year three (2019: three) Trustees provided services to the Charity for which they received payment.

K Young received £1,680 (2019: £15,350) for physiotherapy services. The balance due to K Young at 31 October 2020 was £nil (2019: £1,040).

R Nye received £2,525 (2019: £2,950) for human resource services. The balance due to R Nye at 31 October 2020 was £nil (2019: £nil).

D Rose received £1,750 (2019: £5,550) for member events services. The balance due to D Rose at 31 October 2020 amounted to £800 (2019: £nil). In accordance with normal commercial terms of trade, the balance outstanding was payable within 30 days of receipt of invoice.

23. SUBSIDIARY UNDERTAKINGS

On 7 October 2014 Arthritis Action incorporated the following subsidiary companies:

The Arthritis Association
The Arthritic Association

These subsidiaries, which were created to protect the trading names, have no assets or liabilities and were both dormant during the year. It is anticipated that these subsidiaries will remain dormant for the foreseeable future.

Exemption has been claimed from preparing consolidated group accounts under section 9 of FRS102.